



MEDIA RELEASE

STATE OF TENNESSEE
BUREAU OF TENNCARE

FOR IMMEDIATE RELEASE
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TENNCARE MANAGED CARE NETWORK DEEMED AT RISK BY FEDERAL OFFICIALS, QUALIFIES FOR FULL ENHANCED FEDERAL MATCH

THREE-YEAR PERIOD OF STABILIZATION OVER; BUREAU TO RECRUIT ADDITIONAL MANAGED CARE ORGANIZATIONS TO SERVE MIDDLE TENNESSEE REGION

NASHVILLE, Tenn. – Federal officials notified the TennCare Bureau that the risk-sharing contracts negotiated with managed care organizations earlier this year meet the federal threshold for \$20 million in enhanced federal matching funds, TennCare Bureau officials announced today.

“The three-year period of no-risk contracts and the era of stabilization is over,” said TennCare Director, J.D. Hickey. “We have moved this program back to a level of risk sharing that meets the federal government’s qualifications for full enhanced funding, and that is a tremendous accomplishment in the state’s efforts to turn this program around.”

During the three-year period of stabilization, negotiated under the previous administration, the state was “at risk” because it was responsible for paying all medical bills for enrollees. Prior to stabilization, TennCare MCOs were “at risk” because they paid enrollee’s medical bills out of fixed monthly fees, or “capitated rates” paid to the MCOs by the state.

“Having this program back at risk allows the state to explore options with our managed care network that have not been available to us during this period of stabilization,” Hickey said.

MCO Network Changes in Middle Tennessee

Hickey also announced the TennCare Bureau will begin recruiting new managed care organizations to serve Middle Tennessee enrollees. Currently, VHP and TennCare Select are the only two managed care organizations in the region. TennCare Select is the state’s back-up health insurance plan managed by Blue Cross/Blue Shield of Tennessee.

“This year we have achieved substantial relief from the Grier consent decree and now have our network back at risk, which removes two of the major barriers to bringing new MCO’s into the Middle Tennessee region,” Hickey said. “The Bureau will issue a Request for Information next month and proceed as quickly as possible to secure new, additional partnerships with properly aligned financial, quality and performance incentives.”

The Bureau expects the new MCO contracts to have even greater risk sharing terms than the current MCO contracts. Hickey also expects winning bidders to offer comprehensive managed health care services for enrollees in the region.

TennCare is Tennessee’s expanded Medicaid program covering 1.2 million Tennesseans, including over 640,000 children.

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<http://www.tennessee.gov/tenncare/news/index.html>

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